

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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1:22-cr-00097-RPK-LB-1

UNITED STATES OF AMERICA

INFORMATION

(T. 15, U.S.C., §§ 78i(a)(2) and 78ff)

- against -

TYLER FORBES,

Defendant.

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THE UNITED STATES OF AMERICA CHARGES:

COUNT ONE

(Manipulation of Security Prices)

1. In or about and between January 2019 until June 2019 (the “Relevant Period”), both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant, TYLER FORBES, knowingly and willfully, using a means and instrumentality of interstate commerce, effected a series of transactions in a security creating actual and apparent active trading in such security, and raising and depressing the price of such security, for the purpose of inducing the purchase and sale of such security by others.

2. During the Relevant Period, FORBES was employed as a trader on the U.S. Treasuries desk in New York, New York, of a global financial institution (“Bank A”). In his capacity as an employee of Bank A, FORBES executed trades of U.S. Treasury securities in the secondary (or “cash”) market.

3. During the Relevant Period, FORBES engaged in an unlawful “spoofing” strategy to manipulate the price of U.S. Treasury securities—predominantly 2- and 3-year U.S. Treasury notes, but sometimes also 10-year U.S. Treasury notes—and to deceive other traders in

the market. FORBES's spoofing strategy involved electronically placing large, non-bona fide orders that he intended to cancel prior to execution on one side of the market ("Spoof Orders"), while simultaneously entering smaller, bona fide orders that he intended to execute on the opposite side of the market ("Genuine Orders"). Many of FORBES's Genuine Orders were "iceberg" orders, meaning that only a portion of the order's full size was visible to other market participants at any given time, whereas all of FORBES's Spoof Orders were fully displayed.

4. The purpose of the Spoof Orders was to create a false appearance of market depth and activity in order to mislead other traders and artificially raise or depress the prevailing market price so that FORBES could execute his Genuine Orders more easily or more profitably. After executing his Genuine Orders, FORBES attempted to, and frequently did, cancel his Spoof Orders.


5. FORBES engaged in his spoofing strategy within the scope of his employment at Bank A and with the intent, at least in part, to increase trading profits and decrease losses for himself and Bank A.

6. As one example of FORBES's spoofing strategy, on or about May 13, 2019, at approximately 6:53:07 a.m., FORBES placed an \$65 million iceberg Genuine Order to sell 10-year notes at a price of \$99.578125, displaying \$1 million to the market at a time. Approximately 17 seconds later, having received no executions on his Genuine Orders, FORBES placed a \$250 million fully displayed Spoof Order to buy 10-year notes at a price of \$99.56250. FORBES's Spoof Order represented approximately 80% of the displayed consolidated best bid and increased the displayed liquidity by approximately 509%, creating the appearance of active buying interest and artificially raising the prevailing market price for the purpose of inducing other traders in the market to execute FORBES's Genuine Order. And, in fact, beginning less than one second after

FORBES placed his Spoof Order into the market and continuing for approximately the next six seconds, FORBES's Genuine Order was fully executed. Approximately two seconds after his Genuine Order was fully executed, FORBES canceled his \$250 million Spoof Order in its entirety.

(Title 15, United States Code, Sections 78i(a)(2) and 78ff)

JOSEPH S. BEEMSTERBOER
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FORM DBD-34
JUN. 85

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CRIMINAL DIVISION

THE UNITED STATES OF AMERICA

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Filed in open court this _____ *day,*

of _____ *A.D. 20* _____

Clerk

Bail, \$ _____

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